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ST. JOHN #5 BAPTIST CHURCH, INC.
(a Non-Profit Organization)

Independent Auditor's Report and Financial Statements
For the Year Ended December 31, 2013

Deemer CPA and Consulting Services, LLC

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St. John #5 Baptist Church, Inc.
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Independent Auditor's Report

To the Board of Directors of St. John #5 Baptist Church:

Report on the Financial Statements

I have audited the accompanying financial statements of St. John #5 Baptist Church, which comprise the statement of financial position as of December 31, 2013, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. John #5 Baptist Church as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the schedule of functional expenditures as required by Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 1, 2014 on my consideration of St. John #5 Baptist Church's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. John 5 Baptist Church's internal control over financial reporting and compliance.


New Orleans, Louisiana

August 1, 2014

St. John #5 Baptist Church, Inc.
Statement of Financial Position
As of December 31, 2013

Assets

Current:	
Cash	\$ 91,758
Grant Receivable	<u>14,264</u>
Total Current Assets	\$ 106,022

Fixed Assets

Buildings	519,618
Equipment and Office Furniture	50,142
Accumulated Depreciation	<u>(393,047)</u>
Total Fixed Assets (Net)	<u>176,713</u>
Total Assets	<u><u>\$ 282,735</u></u>

Liabilities and Net Assets

Accounts Payable	\$ 7,113
Deferred Revenue	75,914
Note Payable (Current)	<u>13,823</u>
Total Current Liabilities	96,850
Note Payable (Long-Term)	<u>33,094</u>
Total Liabilities	\$ 129,944

Net Assets

Unrestricted	<u>152,791</u>
Total Net Assets	<u>152,791</u>
Total Liabilities and Net Assets	<u><u>\$ 282,735</u></u>

The accompanying notes are an integral part of these financial statements.

St. John #5 Baptist Church, Inc.
Statement of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>
Revenues	
Grant Revenue	\$ 312,859
Tithes & Offerings	<u>83,279</u>
Total Revenue	<u>\$ 396,138</u>
Expenses	
Program Services	\$ 305,598
Support Services	<u>265,444</u>
Total Expenses	<u>571,042</u>
Change In Net Assets	(174,904)
Net Assets At Beginning Of Year	<u>\$ 327,695</u>
Net Assets At End Of Year	<u><u>\$ 152,791</u></u>

The accompanying notes are an integral part of these financial statements.

St. John #5 Baptist Church, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2013

Cash Flows From Operating Activities:

Changes in Net Assets	\$ (174,904)
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	198,216
Changes in Operating Assets and Liabilities	
Grant Receivable	(3,229)
Deferred Revenue	75,914
Accounts Payable	<u>1,385</u>
Net Cash Provided by Operating Activities	97,382

Cash Flows From Investing Activities:

Purchase/Sale of Assets	<u>0</u>
Net Cash Used by Investing Activities	0

Cash Flows From Financing Activities:

Proceeds from Loans, net of principal payments	<u>(11,420)</u>
Net Cash Used by Financing Activities	<u>(11,420)</u>
Net Cash Decrease for Period	85,962
Cash, At Beginning of Period January 1, 2013	<u>5,796</u>
Cash, At End of Period December 31, 2013	<u><u>\$ 91,758</u></u>

The accompanying notes are an integral part of these financial statements.

St. John #5 Baptist Church, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2013

1. Summary of Significant Accounting Principles

General - St. John #5 Baptist Church, Inc. is a non-profit corporation organized under the laws of the State of Louisiana. Its mission is to provide positive community responses to people affected by HIV/AIDS and reduce the spread of HIV/AIDS through education and testing in New Orleans and its' surrounding area. The agency's operations are funded primarily through federal and state grants, and private foundations.

Basis of Accounting – St. John's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment – Improvements which significantly extend the useful life of an asset and purchases of equipment are capitalized. The straight line method of depreciation is used for the assets owned by St. John. The estimated useful lives of these assets range from 3 to 27 years.

Income Taxes – St. John has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Cash - Cash is comprised of cash on hand and in banks.

2. Net Assets - A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by St. John and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2013, St. John had unrestricted net assets, however there were no temporarily or permanently restricted net assets.

3. Property and Equipment

Property and Equipment consisted of the following at December 31, 2013:

Buildings	\$ 519,618
Equipment and Office Furniture	50,142
Less: Accumulated Depreciation	<u>(393,047)</u>
Total Property and Equipment	<u>\$ 176,713</u>

Current year depreciation expense was recorded at \$198,216.

4. Grants Receivable

As of December 31, 2013 grants receivable consists of the following:

HIV/ADS State of Louisiana	\$ 14,264.00
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5. Note Payable

The agency is indebted to a local financial institution in the amount of \$46,917 secured by two properties.

The maturity of the long-term debt is as follows:

<u>Year</u>	<u>Amount</u>
2014	13,823
2015	14,121
2016	13,308
2017 and thereafter	<u>5,665</u>
Total	<u>\$ 46,917</u>

Interest expense for the long-term debt was \$16,812 at December 31, 2013.

6. Economic Dependency

St. John receives its funding primarily from federal and state grants. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

7. Subsequent Events

St. John the Baptist #5 adopted the Subsequent Events topic of the FASB Accounting Standards Codification (ASC) 855, which requires disclosure of the date through which subsequent events have been evaluated. Management performed an evaluation of its activity through August 1, 2014, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these financial statements were issued.

SUPPLEMENTAL INFORMATION

St. John #5 Baptist Church, Inc.
Schedule of Functional Expenses
For the Year Ended December 31, 2013

EXPENSE	Support Services			TOTAL
	CHURCH	GENERAL & ADMINISTRATION	PROGRAM SERVICES	
Payroll Expenses	1,479	400	191,472	193,351
Payroll Taxes	0	0	11,100	11,100
Advertising/Media	10,846	260	2,527	13,633
Educational Material	235	0	169	404
Bank Service Charges	1,444	0	639	2,083
Contributions/Donations	1,271	0	0	1,271
Dues & Subscriptions	100	0	0	100
Insurance	275	0	16,465	16,740
Postage & Delivery	16	0	92	108
Equipment	0	0	469	469
Professional Fees	1,150	400	14,467	16,017
Telephone	326	0	8,270	8,596
Travel & Entertainment	686	208	6,332	7,226
Utilities	6,468	0	2,358	8,826
Office Supplies	1,044	0	2,603	3,647
Supplies	11,856	1,266	31,845	44,967
Repairs & Maintenance	5,897	0	259	6,156
Interest Expense	16,812	0	0	16,812
Rent Expense	1,400	0	200	1,600
Depreciation Expense	0	198,216	0	198,216
Miscellaneous	284	0	15,641	15,925
Property Taxes	581	0	0	581
Conferences	0	0	610	610
Van Expense	1,749	0	80	1,829
Contract Labor	775	0	0	775
Total Expense	<u>\$ 64,694</u>	<u>\$ 200,750</u>	<u>\$ 305,598</u>	<u>\$ 571,042</u>

See Independent Auditor's Report.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditor's Report

To the Board of Directors of St. John #5 Baptist Church:

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. John #5 Baptist Church, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise St. John #5 Baptist Church's basic financial statements, and have issued my report thereon dated August 1, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered St. John #5 Baptist Church's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. John #5 Baptist Church's internal control. Accordingly, I do not express an opinion on the effectiveness of St. John #5 Baptist Church's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

internal control that might be material weaknesses or significant deficiencies. However, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness. It is identified as Finding 13.1 as listed in the schedule of findings and questioned costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. John #5 Baptist Church's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance and/or other matters that are required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned costs as item 13.1.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Reemer CPA and Consulting Services, LLC

New Orleans, Louisiana

August 1, 2014

St. John #5 Baptist Church, Inc.
Current Year Findings and Questioned Costs
For the Year Ended December 31, 2013

13.1 Late Reporting

Criteria:

The State of Louisiana audit law requires that the agency complete its reporting requirements within six months following the end of their fiscal year.

Condition:

The agency did not provide the financial information needed to fulfill their reporting requirements in a timely manner.

Cause:

The agency did not perform its yearly close-out in a timely manner.

Effect:

The agency's financial report was not submitted timely to the State of Louisiana Legislative Auditor's office.

Recommendation:

It is recommended that the agency maintain monthly financial statements to ensure completion of year-end financial statements in a timely manner.

Management's Response:

St. John #5 Baptist Church is committed to ensuring that our accountant will provide monthly financial data as needed and timely.

St. John #5 Baptist Church, Inc.
Status of Prior Year Findings
For the Year Ended December 31, 2013

There were no prior year findings.